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EXTRAORDINARY

भाग II — खण्ड 2

PART II — Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on 3rd August, 2022:—

BILL No. 177 OF 2022

A Bill further to amend the Energy Conservation Act, 2001.

BE it enacted by Parliament in the Seventy-third Year of the Republic of India as follows:—

- (1) This Act may be called the Energy Conservation (Amendment) Act, 2022.
- (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Short title and
commencement.

Amendment
of section 2.

2. In section 2 of the Energy Conservation Act, 2001 (hereinafter referred to as the principal Act),—

52 of 2001.

(i) for clause (c), the following clause shall be substituted, namely:—

‘(c) “building” means any structure or erection or part of structure or erection—

(i) constructed after the rules relating to energy conservation and sustainable building codes have been notified by the Central Government under clause (p) of section 14 and by the State Government under clause (a) of section 15;

(ii) which has a minimum connected load of 100 Kilowatt (kW) or contract demand of 120 Kilovolt Ampere (kVA); and

(iii) which is used or intended to be used for commercial purpose or as an office building or for residential purpose:

Provided that the State Government may specify a lower connected load or contract demand than the load or demand specified above;’;

(ii) after clause (d), the following clauses shall be inserted, namely:—

‘(da) “carbon credit certificate” means the certificate issued by the Central Government or any agency authorised by it under section 14AA;

(db) “carbon credit trading scheme” means the scheme for reduction of carbon emissions notified by the Central Government under clause (w) of section 14;’;

(iii) for clause (h), the following clause shall be substituted, namely:—

‘(h) “energy” means any form of energy derived from fossil fuels or non-fossil sources or renewable sources;’;

(iv) after clause (i), the following clause shall be inserted, namely:—

‘(ia) “energy auditor” means any individual possessing the qualifications prescribed under clause (m) of section 14;’;

(v) for clause (j), the following clause shall be substituted, namely:—

‘(j) “energy conservation and sustainable building code” means the code which provides norms and standards for energy efficiency and its conservation, use of renewable energy and other green building requirements for a building;’;

(vi) after clause (q), the following clause shall be inserted, namely:—

‘(qa) “registered entity” means any entity, including designated consumers, registered for carbon credit trading scheme specified under clause (w) of section 14;’;

(vii) after clause (r), the following clauses shall be inserted, namely:—

‘(ta) “vehicle” shall have the same meaning as assigned to it in clause (28) of section 2 of the Motor Vehicles Act, 1988;

59 of 1988.

(tb) “vessel” includes every description of water craft used or capable of being used in inland waters or in coastal waters, including any ship, boat, sailing vessel, tug, barge or other description of vessel including non-displacement craft, amphibious craft, wing-in-ground craft, ferry, roll-on-roll-off vessel, container vessel, tanker vessel, gas carrier or floating

unit or dumb vessel used for transportation, storage or accommodation within or through inland waters and coastal waters;’.

3. In section 4 of the principal Act,—

Amendment
of section 4.

(a) in sub-section (1), for the words “twenty, but not exceeding twenty-six”, the words “thirty-one, but not exceeding thirty-seven” shall be substituted;

(b) in sub-section (2),—

(i) after clause (g), the following clauses shall be inserted, namely:—

“(ga) the Secretary to the Government of India, in charge of the Ministry or Department of the Central Government dealing with the Environment, Forest and Climate Change—*ex officio* member;

(gb) the Secretary to the Government of India, in charge of the Ministry or Department of the Central Government dealing with the Housing and Urban Affairs—*ex officio* member;

(gc) the Secretary to the Government of India, in charge of the Ministry or Department of the Central Government dealing with the Road Transport and Highways—*ex officio* member;

(gd) the Secretary to the Government of India, in charge of the Ministry or Department of the Central Government dealing with the Steel—*ex officio* member;

(ge) the Secretary to the Government of India, in charge of the Ministry or Department of the Central Government dealing with the Civil Aviation—*ex officio* member;

(gf) the Secretary to the Government of India, in charge of the Ministry or Department of the Central Government dealing with the Ports, Shipping and Waterways—*ex officio* member;

(gg) Member of the Railway Board (in charge of Energy), Ministry of Railways—*ex officio* member;”;

(ii) after clause (m), the following clause shall be inserted, namely:—

“(ma) Director-General of the National Productivity Council, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry—*ex officio* member;”;

(iii) for clause (o), the following clause shall be substituted, namely:—

“(o) one official each from the energy or power department of the five States from the five power regions, not below the rank of Principal Secretary to the State Government, to be appointed by the Central Government—member;”;

(iv) for clause (p), the following clause shall be substituted, namely:—

“(p) such number of persons, not exceeding seven, as may be prescribed, to be appointed by the Central Government as members, from amongst persons who, in the opinion of the Central Government, are experts or capable of representing industry, equipment and appliance manufacturers, architects, institutes and consumers—members;”.

4. In section 13 of the principal Act, in sub-section (2),—

Amendment of
section 13.

(i) in clause (a), after the word and figures “section 14”, the words “and other standards required to be prescribed under other provisions of this Act” shall be inserted;

(ii) in clause (d), for the words “energy conservation building codes”, the words “energy conservation and sustainable building codes” shall be substituted;

(iii) in clause (h), after the word “promote”, the words “or undertake” shall be inserted;

(iv) after clause (t), the following clauses shall be inserted, namely:—

“(ta) collaborate with any international institution or organisation or to obtain membership of bodies having similar objectives as that of the Bureau, in consultation with the Central Government;

(tb) authorise any agency in the country or outside the country to carry out any of the functions of the Bureau, for such purposes, and subject to such terms and conditions, as may be specified by regulations;

(tc) undertake, or authorise any other body which meets with such technical qualifications, as may be specified by regulations, to test samples for purposes other than those specified in section 14;

(td) empanel technical experts to promote energy efficiency and carbon credit trading activities undertaken to meet the objectives of the Act;

(te) recommend to the Central Government on the requirements to be specified in the carbon credit trading scheme to be notified under clause (w) of section 14;

(tf) recommend minimum share of consumption of non-fossil sources by designated consumers as energy or feedstock;”.

Insertion of
new
section 13A.
Prohibition of
use of
deceptive
name, etc.

5. After section 13 of the principal Act, the following section shall be inserted, namely:—

“13A. (1) No person shall, without previous permission of the Bureau, use any name which so nearly resembles the name of the Bureau as to deceive or likely to deceive the public.

(2) Notwithstanding anything contained in any other law for the time being in force, no registering authority shall register any company, firm or other body of persons which bears any name or mark resembling the name of the Bureau.”.

Amendment
of section 14.

6. In section 14 of the principal Act,—

(i) in clause (a), for the word “appliance”, the words “appliance, vehicle, vessel, industrial unit, building or establishment” shall be substituted;

(ii) in clause (b), after the words “class of equipment or appliances,”, the words “or vehicle, vessel, industrial unit, building or establishment” shall be inserted;

(iii) for clause (c), the following clause shall be substituted, namely:—

“(c) prohibit manufacture or import of any equipment or appliance or vehicle or vessel specified under clause (b), unless it conforms to energy consumption standards specified under clause (a):

Provided that an industrial unit specified under clause (b) shall close its operations unless it conforms to the norms for processes or energy consumption standards specified under clause (a):

Provided further that from the date of notification of norms for processes and energy consumption standards under clause (a), no notification prohibiting such manufacture or import shall be issued—

(i) within a period of six months in the case of equipment or appliance or vehicle or vessel; and

(ii) within a period of two years for closure of industrial unit:

Provided also that the Central Government may, having regard to the market share and the technological development having impact on equipment or appliance or vehicle or vessel, and for reasons to be recorded in writing, extend the said period of six months referred to above, by a further period not exceeding six months;”;

(iv) in clause (f), after the words “Energy Intensive Industries”, the words “and other establishments” shall be inserted;

(v) in clause (h), after the words “Energy Intensive Industries”, the words “and other establishments” shall be inserted;

(vi) in clause (l), for the words “energy manager”, the words “energy auditor or energy manager” shall be substituted;

(vii) in clauses (p), (q) and (r), for the words “energy conservation building codes”, the words “energy conservation and sustainable building codes” shall be substituted;

(viii) after clause (v), the following clauses shall be inserted, namely:—

“(w) specify the carbon credit trading scheme;

(x) specify minimum share of consumption of non-fossil sources by designated consumers as energy or feedstock, provided different share of consumption may be specified for different types of non-fossil sources for different designated consumers:”.

7. In section 14A of the principal Act,—

Amendment of
section 14A.

(a) for the marginal heading, the following shall be substituted, namely:—

“Issuance of energy savings certificate.”;

(b) in sub-section (1), after the words “Central Government”, the words “or any agency authorised by it” shall be inserted;

(c) in sub-section (2), the following proviso shall be inserted, namely:—

“Provided that any other person may also purchase energy saving certificate or carbon credit certificate on voluntary basis.”.

8. After section 14A of the principal Act, the following section shall be inserted, namely:—

Insertion of
new section
14AA.

“14AA. (1) The Central Government, or any agency authorised by it may issue carbon credit certificate to the registered entity which complies with the requirements of the carbon credit trading scheme.

Issuance of
carbon credit
certificate.

(2) The registered entity shall be entitled to purchase or sell the carbon credit certificate in accordance with carbon credit trading scheme specified under clause (w) of section 14.”.

9. In section 15 of the principal Act,—

Amendment
of section 15.

(i) in clause (a),—

(I) for the words “energy conservation building codes”, at both the places where they occur, the words “energy conservation and sustainable building codes” shall be substituted;

(II) after the words “energy in the buildings”, the words “and implement the same through building bye-laws of the State” shall be substituted;

(ii) in clause (b), for the words “energy conservation building codes”, the words “energy conservation and sustainable building codes” shall be substituted;

(iii) after clause (h), the following clause shall be inserted, namely:—

“(ha) levy such fee as may be prescribed for the services rendered by the designated agency to promote efficient use of energy and its conservation under this Act;”.

Insertion of new section 15A. **10.** After section 15 of the principal Act, the following section shall be inserted, namely:—

Budget of designated agency. “15A. The designated agency shall prepare, in such form and at such time in each financial year as may be prescribed, its budget for the next financial year, showing the estimated receipts and expenditure and forward the same to the State Government, which shall include the same in the annual budget.”.

Substitution of new section for section 16. **11.** For section 16 of the principal Act, the following section shall be substituted, namely:—

Establishment of Fund by State Government. “16. (1) There shall be constituted a Fund for the purposes of promotion of efficient use of energy and its conservation within the State to be called the State Energy Conservation Fund and there shall be credited thereto—

(a) all grants and loans that may be made by the State Government or the Central Government or any other organisation or individual for the purposes of this Act;

(b) all fees received by the State Government or the designated agency under this Act;

(c) all sums received by the State Government or the designated agency from such other sources as may be decided by the State Government.

(2) The Fund shall be utilised for meeting the expenses—

(a) of the designated agency in the discharge of its functions;

(b) for the objects and purposes authorised by or under this Act.

(3) The Fund created under sub-section (1) shall be administered by such person or authority and in such manner as may be prescribed by the rules made by the State Government.”.

Substitution of new section for section 26. **12.** For section 26 of the principal Act, the following section shall be substituted, namely:—

Penalty. “26. (1) If any person fails to comply with the provisions of clause (h) or clause (i) or clause (k) or clause (l) of section 14 or clause (c) or clause (h) of section 15, he shall be liable to a penalty which shall not exceed ten lakh rupees:

Provided that in the case of continuing failures, the person shall be liable to an additional penalty which may extend to ten thousand rupees for every day during which such failures continue.

(2) Notwithstanding anything contained in this Act or any other Act for the time being in force, if any person fails to comply with the provisions of clauses (c) and (d) of section 14, he shall in addition to the penalty of ten lakh rupees, be also liable to pay additional penalty which shall not exceed five thousand rupees per appliance or equipment in relation to which the non-compliance has occurred, but shall not be lower than two thousand rupees:

Provided that where such non-compliance relates to any industrial unit or vessel, he shall also be liable to an additional penalty which shall not exceed twice the price of every metric ton of oil equivalent consumed in excess of the prescribed norms:

Provided further that if the manufacturer of a vehicle fails to comply with the fuel consumption norms, he shall also be liable to pay an additional penalty per unit of vehicles sold in the corresponding year, as follows, namely:—

(i) twenty-five thousand rupees per vehicle for non-compliance of norms up to 0.2 litres per 100 kms;

(ii) fifty thousand rupees per vehicle for non-compliance of norms above 0.2 litres per 100 kms.

(3) If any person fails to comply with the directions issued under clauses (n) and (x) of section 14, he shall be liable to a penalty which shall not exceed ten lakh rupees for each such failure:

Provided that he shall also be liable to an additional penalty which shall not exceed twice the price of every metric ton of oil equivalent prescribed under this Act, which is in excess of the prescribed norms.

(4) If a person fails to comply with the provisions of sub-section (1) of section 13A or fails to provide any information under section 52, he shall be liable to a penalty which may extend to fifty thousand rupees on first such non-compliance or failure:

Provided that for every subsequent non-compliance or failure, he shall be liable to pay an additional penalty which shall not exceed ten thousand rupees per day of such non-compliance or failure.

(5) Any amount payable under this section, if not paid, may be recovered as if it were an arrear of land revenue.”.

13. After section 27 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 27A.

“27A. (1) The State Commission may, by notification, make regulations for discharging its functions under this Act.

Power of State Commission to make regulations.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for—

(a) the manner of making application before the State Commission and the fee payable;

(b) any other matter which is to be, or may be, provided by regulations by the State Commission for the purposes of its function:

Provided that every regulation made by the State Commission under this section shall be laid, as soon as may be after it is made, before each House of the State Legislature where it consists of two Houses, or where such Legislature consists of one House, before that House.”.

14. In section 28 of the principal Act, after clause (b), the following clause shall be inserted, namely:—

Amendment of section 28.

“(c) the loss caused to a consumer and amount of compensation thereof.”.

15. In section 52 of the principal Act, for the words, brackets, letter and figures “specified under clause (b) of section 14 shall supply the Bureau with such information, and with such samples”, the words “or any other person or entity covered under this Act shall furnish to the Bureau such information, documents or records relating to energy consumption, and such samples” shall be substituted.

Amendment of section 52.

Amendment of
section 56.

16. In section 56 of the principal Act, in sub-section (2), in clause (l), for the words “energy conservation building codes”, the words “energy conservation and sustainable building codes” shall be substituted.

Amendment
of section 57.

17. In section 57 of the principal Act, in sub-section (2),—

(i) in clause (a), for the words “energy conservation building codes”, the words “energy conservation and sustainable building codes” shall be substituted;

(ii) after clause (b), the following clauses shall be inserted, namely:—

“(ba) the fee to be levied for the services rendered by the designated agency for promoting efficient use of energy and its conservation under clause (ha) of section 15;

(bb) the form in which and the time at which, the budget of the designated agency shall be prepared under section 15A;”;

(iii) in clause (c), for the word, brackets and figure “section (4)”, the word, brackets and figure “section (3)” shall be substituted.

Amendment
of section 58.

18. In section 58 of the principal Act, in sub-section (2), after clause (h), the following clauses shall be inserted, namely:—

“(ha) the purposes, and the terms and conditions subject to which, an agency may be authorised to carry out the functions of the Bureau under clause (tb) of sub-section (2) of section 13;

(hb) the technical qualification to test samples under clause (tc) of sub-section (2) of section 13;”.

STATEMENT OF OBJECTS AND REASONS

The Energy Conservation Act, 2001 was enacted to provide for efficient use of energy and its conservation and for matters connected therewith or incidental thereto. The said Act provides for establishment and incorporation of the Bureau of Energy Efficiency and confers certain powers upon the Central Government, the State Government and the Bureau of Energy Efficiency to enforce measures for efficient use of energy and its conservation.

2. The Energy Conservation Act, 2001 was amended in the year 2010 to address various new factors which emerged with the development of the energy market over a period of time and to provide for more efficient and effective use of energy and its conservation.

3. With the passage of time, and in the context of energy transition with special focus on promotion of new and renewable energy and National Green Hydrogen Mission, a need has arisen to further amend the said Act to—(i) facilitate the achievement of “Panchamrit”—as five nectar elements presented by India in COP-26 (Conference of Parties -26) in Glasgow 2021; (ii) promote renewable energy and development of domestic Carbon market to battle climate change; (iii) introduce new concepts such as Carbon trading and mandate use of non-fossil sources to ensure faster decarbonization of Indian economy and help in achieving sustainable development goals in line with the Paris Agreement and various other actions related to climate change.

4. It is considered necessary to have legal provisions to prescribe minimum consumption of non-fossil energy sources as energy or feedstock by the designated consumers. This will help in reduction of fossil fuel-based energy consumption and resultant carbon emissions to the atmosphere. Similarly, a need is also felt to provide legal framework for a carbon market with the objective of incentivizing actions for emission reduction leading to increased investments in clean energy and energy efficiency areas, by the private sectors.

5. The Energy Conservation (Amendment) Bill, 2022, *inter alia*, seeks to—

- (a) mandate use of non-fossil sources, including Green Hydrogen, Green Ammonia, Biomass and Ethanol for energy and feedstock;
- (b) establish Carbon Markets;
- (c) bring large residential buildings within the fold of Energy Conservation regime;
- (d) enhance the scope of Energy Conservation Building Code;
- (e) amend penalty provisions;
- (f) increase members in the Governing Council of Bureau of Energy Efficiency;
- (g) empower the State Electricity Regulatory Commissions to make regulations for smooth discharge of its functions.

6. The Bill seeks to achieve the aforesaid objectives.

NEW DELHI;
The 29th July, 2022.

R.K. SINGH.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 13 of the Bill seeks to insert a new section 27A in the Energy Conservation Act, 2001 to empower the State Commission to make regulations to provide for (a) the manner of making application before the State Commission and the fee payable; (b) any other matter which may be provided by regulations by the State Commission.

Clause 17 of the Bill seeks to amend sub-section (2) of section 57 of the said Act to empower the State Government to make rules to provide for the fee to be levied for the services rendered by the designated agency for promoting efficient use of energy and its conservation and the form in which and the time at which, the budget of the designated agency shall be prepared.

Clause 18 of the Bill seeks to amend sub-section (2) of section 58 of the said Act to empower the Bureau to make regulations, with the previous approval of the Central Government and subject to the condition of previous publication, to provide for the purposes, and the terms and conditions subject to which, an agency may be authorised to carry out the functions of the Bureau and the technical qualification to test samples.

The matters in respect of which rules or regulations may be made are matters of procedure and administrative detail and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

FINANCIAL MEMORANDUM

There is no additional financial implication for the Government of India and this has been approved by the Cabinet.

UTPAL KUMAR SINGH
Secretary General